Electronically Recorded

Official Public Records

Tarrant County Texas

2008 Aug 12 09:24 AM Fee: \$ 28.00

D208314284

Project: Fannin Farms

Auganne Healess

Submitter: SIMPLIFILE

4 Pages

NOTICE OF CONFIDENTIALITY HEIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT (this "Lease") made this Letter day of Association. Inc., a Texas Corporation, as Lessor (whether one or more), whose address is: 4381 W. Green Oaks Blvd. Ste. 102, Arlington, 2008, between Fannin Farms West TX 76016-4468, and Carrizo Oil and Gas, Inc. whose address is 1000 Louisiana, Suite 1500, Houston, TX 77002, called Lessee, does witness that:

All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

SEE EXHIBIT "A" ATTACHED HERETO FOR DESCRIPTION OF LEASED PREMISES

in the county of <u>Tarrant</u>. State of Texas, containing <u>2.578</u> gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non-hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

- 2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of 3 years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

 3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid
- hydrocarbons separated at Lessee's separator facilities, the royalty shall be 25% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be 25% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells are shut-in or production therefrom is not being sold by Lessee, such well or wells are shut-in or production therefrom is not being sold by Lessee, such well or wells are shut-in or production therefrom is not being sold by Lessee, such well or wells are shut-in or production therefrom is not being sold by Lessee, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production lext following cessation of such operations or production. Lessee's failure to property pay shut-in royalty shall be due until the end of the 90-day belief to the minute this lease.
- shall not operate to terminate this lease.

 4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should ilquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent
- address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institutions, or for any reason fail or refuse to accept payment hereunder, Lesses a lessee's request, deliver to Lessee a proper recordable instrunt naming another institution as depository agent to receive payments.

 5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called 'dry hole') on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Peragraph 6 or the action of any governmental authority, then in the event this lesse is not otherwise belong maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise belong the paying production on the lessed premises or lands pooled therewith within 90 days after completion on souch dry low or within 80 days after such personal control or within 80 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise belong maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonation of more than 90 consecutive days, and if any such operations result in the production of oil of gas or other substances covered hereby, as long the remains in the control of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities not be leased premises or lands probled therewith. After completion of a paying quantities on the leased premises or lands probled therewith. After depth and the producing depth of producing in paying quantities on the leased premises or lands probled therewith. After dep
- o. The interest of either Lesson of Lessee hereunder may be assigned, devised or ornerwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In

the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in-royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in-royalties to such persons or to their credit in the depository, either jointy or separately in proportion to the invested which each owns. If Lessee transfers is interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferred the transferred interest and to include the transferred in the respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferred in proportion to the net acreage interest interest in the issee then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depritor or zones thereunder, and shall thereupon be relieved of all obligations thereafter einsing with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest relational hereunder.

10. Lessor hereby agrees that, in the event Lessee deems it necessary to seek a variance, waiver or other relief from any laws, rules, regulations, or orders (which for purposes of this paragraph shall include any ordinance) or other such authority aversiced by the city of Aligation shall engage in result and the proportion of this paragraph shall include any ordin

14. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

15. Lessee shall not conduct any surface operations upon any part of the surface of the lease premises. Lessee shall however have a <u>sub-surface</u> easement to horizontally drill under the surface of the lease premises. Notwithstanding anything contained herein to the contrary, Lessee shall have the right to conduct seismic operations, but only by virtue of the vibrosels-method. Lessee shall employ such measures as will reduce the impact upon, improvements, vegetation and game habitat on the lease premises. Lessee shall pay for all damages related to seismic operations. Other than seismic operations, by execution of this Lease, Lessee does not otherwise obtain the right to conduct exploration, excavation or drilling operations from or upon the surface of any portion of the lease premises.

lease premises.

16. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

17. This Lease may be executed in any number of counterparts, no one of which needs to be executed by all Parties, or this Lease may be ratified by separate written instrument specifically referring hereto, and it shall be binding upon all Parties who executed a counterpart or ratification instrument with the same force and effect, with each separate counterpart or ratification instrument deemed to be one and same original Lease.

18. Both Lessor and Lessee agree that neither shall make this lease a public document by any means including recordation with any county records office. Lessor and Lessee agree that they shall only file a MEMORANDUM OF OIL, GAS AND MINERAL LEASE.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's helrs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

IN WITNESS WHEREOF this instrument is executed on the date first above written.

LESSOR: Erma Stockman LESSOR: Carrie Simpson ally and in all Capacities for the above described Land) Name: Erma Stademan (Individually and in all Capacities for the above described Land) Title: PRESIDENT Title: Secretary LESSOR: Lorrie Vincent LESSOR: Roger-Shapman (Individually gord in all Co Lorraine M. Sindh - Vincent the above described Land) TREOSAREA Title: Director

STATE OF TEXAS COUNTY OF LATTAINT

Before me, the undersigned authority, on this day personally appeared Little Simpson and known to me to be the person whose name is subscribed to the forgoing instrument, and acknowledged to me that he/she executed the same for the purpose and consideration therein expressed and in the capacity therein stated.

May of May, 2008.

Notary Public, State of Texas

Teri Ralston

Matery's printed name Given under my hand and seal of office this

My commission

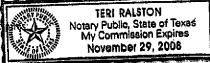
TERI RALSTON γ Public, State of Texas Commission Expires November 29, 2008

STATE OF TEXAS COUNTY OF larrant

Before me, the undersigned authority, on this day personally appeared braine Lindh name is subscribed to the forgoing instrument, and acknowledged to me that he/she executed the same expressed and in the capacity therein stated. And for the purpose and consideration therein

Given under my hand and seal of office this by day of Nay, 2008

My commission e

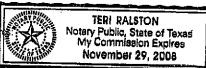


s printec

Before me, the undersigned authority, on this day personally appeared the same and for the purpose and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal of office this day of May 2008.

My commission exp



STATE OF TEXAS

COUNTY OF WILLIAM

Before me, the undersigned authority, on this day personally appeared Spotcomer, known to me to be the person whose name is subscribed to the forgoing instrument, and acknowledged to me that he/she executed the same and for the purpose and consideration therein expressed and in the capacity therein stated. m

Given under my hand and seal of office this 14

My commission expires:

JENNIFER GRAHAM CATHCART Notary Public, State of Texas My Commission Expires October 03, 2010

day of

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE BY AND BETWEEN Fannin Farms West Association, Inc., a Texas Corporation, AS LESSOR AND CARRIZO OIL & GAS, INC., AS LESSEE.

LEGAL DESCRIPTION

2.578 ACRES, MORE OR LESS, BEING LOCATED IN THE MATTHEW MAISE SURVEY, ABSTRACT NO. 1001 AND THE WW WARNELL SURVEY, ABSTRACT NO. 1612, TARRANT COUNTY, TEXAS AND BEING A PORTION OF THAT RIGHT OF WAY AGREEMENT THAT IS SITUATED INSIDE THE FANNIN FARM WEST SUBDIVISION FROM ARCO PIPE LINE COMPANY, A DELAWARE CORPORATION AND CITGO PRODUCTS PIPELINE COMPANY, A DELEWARE CORPORATION AS BEING RECORDED IN VOLUME 11747, PAGE 1, OF THE OFFICIAL DEED RECORDS OF TARRANT COUNTY, TEXAS.